

AMENDED IN ASSEMBLY APRIL 24, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 30

Introduced by Assembly Member Richman

December 2, 2002

An act to add Section 12693.756 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 30, as amended, Richman. Healthy Families Program: employed uninsured adults.

Existing law establishes the Healthy Families Program, administered by the Managed Risk Medical Insurance Board, to arrange for the provision of health care services to eligible children meeting certain household income requirements. Existing law authorizes the expansion of the program to uninsured parents or other adults responsible for children enrolled in the program subject to approval of a federal waiver making available federal funds for that purpose and appropriation of requisite state matching funds. Under existing law, the Healthy Families Program becomes inoperative on January 1, 2004.

This bill would require the board to ~~additionally~~ expand the program to provide coverage to employed childless adults *of a qualified employer, as defined*, who are uninsured for health care coverage and who meet certain household income requirements, subject to approval of a federal waiver and appropriation of state matching funds. *The bill would require the board to adopt eligibility standards that prevent employers and employees from dropping employer-sponsored coverage*

in order to have employees receive benefits pursuant to the bill. The bill would enact other related provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12693.756 is added to the Insurance
2 Code, to read:

3 12693.756. (a) Subject to subdivision (b), the board shall
4 expand eligibility under this part to provide coverage *through*
5 *participating health plans* to employed childless adults who are
6 uninsured for health care coverage and who are in households with
7 an income that does not exceed ~~250~~ 200 percent of the federal
8 poverty level.

9 (b) (1) The expanded program shall be implemented only in
10 accordance with a State Child Health Insurance Program waiver
11 pursuant to Section 1397gg(e)(2)(A) of Title 42 of the United
12 States Code, to provide coverage to uninsured childless adults, and
13 shall be subject to the terms, conditions, and duration of the
14 waiver. The services shall be provided under the program only if
15 the waiver is approved by the federal Centers for Medicare and
16 Medicaid Services, and, except as provided under the terms and
17 conditions of the waiver, only to the extent that federal financial
18 participation is available and funds are appropriated specifically
19 for this purpose.

20 (2) In lieu of family contribution amounts otherwise required
21 to be paid by or on behalf of an applicant under this part, a person
22 eligible for coverage under this section shall, in conjunction with
23 his or her employer, be responsible for paying 25 percent of
24 premium costs, with the state responsible for 25 percent of
25 premium costs and the remaining 50 percent to be covered by
26 federal funds.

27 (3) Funding for the state share of premium costs shall be
28 obtained from a special fund established for and dedicated to that
29 purpose from new revenue sources that meet federal requirements
30 for state matching funds.

31 (4) *The board shall adopt eligibility standards that prevent*
32 *employers and employees from dropping employer-sponsored*



1 *coverage in order to have employees receive benefits pursuant to*
2 *this section.*

3 (5) The board may disapprove an application if an applicant has
4 had prior coverage with an employer as provided in Section
5 12693.71. ~~The same requirements shall apply to an applicant for~~
6 ~~coverage under this section as otherwise apply to other applicants~~
7 ~~under this part.~~

8 ~~(5) It is the intent of the Legislature to reduce state funding for~~
9 ~~county hospitals and safety net providers based on the utilization~~
10 ~~of the expanded program established under this section. .In~~
11 ~~addition, to the extent necessary to prevent employers and~~
12 ~~employees from dropping employer-sponsored coverage in order~~
13 ~~to have employees receive benefits pursuant to this section, the~~
14 ~~board shall adopt a period of disqualification of not less than six~~
15 ~~months applicable to employed childless adults receiving benefits~~
16 ~~under this part and shall not be required to establish the exceptions~~
17 ~~described in subdivision (c) of Section 12693.71.~~

18 (6) The benefits provided pursuant to this section shall consist
19 of essential health coverage. As used in this section, “essential
20 health coverage” means a package of medically necessary health
21 care services that emphasize primary and preventive care and that
22 represent a reduced level of benefits compared to the benefits
23 described in Section 12693.60. The board shall provide essential
24 benefits coverage options, including a base plan of high deductible
25 catastrophic coverage, and a range of preventive and primary care
26 supplements. The reduced level of benefits may be achieved
27 through higher cost sharing requirements and by limitations on
28 benefits otherwise provided under this part, to the extent permitted
29 by the Department of Managed Health Care pursuant to
30 subdivision (i) of Section 1367 of the Health and Safety Code.

31 (7) The expanded program shall be implemented only for an
32 employed childless adult of a qualified employer. For these
33 purposes, a “qualified employer” is one with 50 or fewer
34 employees, with at least one-half of those employees being paid a
35 wage rate that is less than 200 percent of the state minimum wage.

36 (c) ~~It is the intent of the Legislature that the current health care~~
37 ~~safety net be fully funded and that future safety net funding be set~~

- 1 *at a level commensurate with the level of health care services that*
- 2 *are needed by patients and communities who depend upon it.*

